



Control Number: 50557



Item Number: 958

PUC DOCKET NO. 50557
SOAH DOCKET NO. 473-21-0477.WS

**APPLICATION OF CORIX UTILITIES
(TEXAS) INC. FOR AUTHORITY TO
CHANGE RATES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

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PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER

This Order addresses the application of Corix Utilities (Texas) Inc. for authority to change its tariffed rates for water service and sewer service. Corix, Commission Staff, the Office of Public Utility Counsel (OPUC), the Hyatt Corporation, aligned customers from the Summit Springs subdivision (Summit Springs Alliance), and Marcie Taylor (collectively, signatories) filed an unopposed agreement on the terms of the rate and tariff changes. The Commission approves the agreed rates and associated tariffs to the extent provided in this Order.

I. Findings of Fact

The Commission makes the following findings of fact.

Applicant

1. Corix is a Delaware corporation registered with the Texas secretary of state under filing number 801600117.
2. Corix owns and operates for compensation facilities and equipment for the transmission, storage, distribution, sale, or provision of potable water to the public in Bastrop, Burnet, Blanco, Colorado, Lampasas, Llano, Matagorda, Mills, Mitchell, San Saba, and Washington Counties.
3. Corix provides potable water service for compensation to approximately 4,874 connections under certificate of convenience and necessity (CCN) number 13227.
4. Corix owns and operates for compensation facilities and equipment for the collection, transportation, treatment, or disposal of sewage to the public in Texas in Bastrop, Burnet, Colorado, Lampasas, and Matagorda counties.
5. Corix provides sewer service for compensation to approximately 871 connections under CCN number 21081.

6. Corix's last rate case was filed on December 7, 2015 in Docket No. 45418.¹

Application

7. On March 16, 2020, Corix filed an application to change its water and sewer rates and associated tariffs.
8. The application is based on a historical test year ending September 30, 2019, adjusted for known and measurable changes.
9. On May 20, 2020, Corix filed its first supplement to the application.
10. On August 5, 2020, Corix filed its second supplement to the application.
11. On October 21, 2020, Corix filed its third and final supplement to the application.
12. In the application, as supplemented, Corix requested a combined revenue increase for water and sewer of \$10,822,572, which is \$1,387,572 over its adjusted test-year revenues, and an overall rate of return of 7.7%.
13. In the application, Corix requested a consolidated tariff for the following public water systems:

Hill Country Water Rate Region

System Name	PWS ID. No.	County
Bonanza Beach	0270018	Burnet
Lake Buchanan	1500037	Burnet
Lometa	1410002	Lampasas
Paradise Point	1500008	Llano
Quail Creek	0270078	Burnet
Ridge Harbor	0270081	Burnet
Sandy Harbor	1500008	Llano
Smithwick Mills	0270045	Burnet
Spicewood Beach	0270011	Burnet
Tow Village	1500011	Llano
Summit Springs	270148	Burnet/Blanco
Trinity Oaks Preserve at Round Mountain	0160041	Blanco

¹ *Application of Corix Utilities Texas Inc. for a Rate/Tariff Change*, Docket No. 45418, Order (Jul. 28, 2017).

Southeast Water Rate Region

System Name	PWS ID No.	County
Alleyton	0450087	Colorado
Matagorda Dunes	1610052	Matagorda
Northeast Washington County	2390043	Washington

Mitchell County Rate Region

System Name	PWS ID. No.	County
Mitchell County Utilities	1680004	Mitchell

14. In the application, Corix requested a consolidated sewer tariff for the following sewer systems:

Lometa Wastewater Rate Region

System Name	PWS ID No.	County
Lometa Wastewater	WQ0011982-001	Lampasas

Ridge Harbor Wastewater Rate Region

System Name	PWS ID No.	County
Ridge Harbor	WQ00114022-001	Burnet

Southeast Wastewater Rate Region

System Name	PWS ID. No.	County
Alleyton	WQ0013740-001	Colorado
Camp Swift	WQ0013548-001	Bastrop
Matagorda Dunes	WQ0014404-001	Matagorda
McKinney Roughs	WQ0013977-001	Bastrop
Windmill Ranch	WQ0014303-001	Bastrop

15. In the application, Corix requested an update to its depreciation rates based on a new depreciation study and the use of the group-asset-accounting methodology.
16. In the application, Corix requested a prudence determination for all plant placed into service through September 30, 2019.

17. In the application, Corix requested that the Commission determine that Corix complied with the second accounting order in Project No. 47945² with respect to Corix's outstanding excess accumulated deferred federal income tax (ADFIT) balance.
18. In the application, Corix requested authority to create a regulatory asset to capture rate-case expenses to the extent they are requested if the Commission determines that rate-case expenses should be deferred for consideration in a future rate proceeding.
19. In the application, Corix requested to change certain miscellaneous fees in its water and sewer tariffs.
20. In the application, Corix requested to add a new RV park rate for the Hill Country water rate region and the Southeast water rate region and the Southeast wastewater rate region.
21. In Order No. 10 filed on September 8, 2020, the Commission administrative law judge (ALJ) found Corix's rate application administratively complete and directed Corix to choose a new effective date.
22. On September 18, 2020, Corix filed its response to Order No. 10 and chose a new effective date of October 21, 2020.
23. In State Office of Administrative Hearings (SOAH) Order No. 1 filed on October 27, 2020, the SOAH ALJ suspended the effective date until July 13, 2021.

Notice of the Application

24. On March 16, 2020, Corix originally provided notice of the application by direct mail to each customer or other affected party. On the same day, as part of the application, Corix filed the affidavit of R. Darrin Barker, president of Corix, who testified that notice of the application had been provided as described in this finding of fact.
25. In Order No. 5 filed on July 1, 2020, the Commission ALJ directed Corix to correct the notice and re-notice customers.

² *Proceeding to Investigate and Address the Effects of Tax Cuts and Jobs Act of 2017 on the Rates of Texas Investor-Owned Utility Companies*, Project No. 47945, Second Order Related to Changes in Federal Income Tax Rates (Aug. 30, 2018).

26. On September 16, 2020, Corix re-noticed each customer or other affected party by direct mailing. On September 24, 2020, Corix filed the affidavit of Mr. Barker who testified that notice of the application had been provided as described in this finding of fact.
27. On October 28, 2020, Commission Staff filed its recommendation on sufficiency of notice. Commission Staff recommended that Corix's second notice be deemed sufficient. Commission Staff noted the Commission had already received protests from more than 10% of Corix's ratepayers and, thus, any misstatements in the second notice would not materially impact the procedural trajectory of the case.
28. In SOAH Order No. 2 filed on October 29, 2020, the SOAH ALJ deemed Corix's notice of the application to be sufficient.

Interventions and Protests

29. More than 10% of the ratepayers affected by the proposed rate increases filed protests in this docket.
30. In Order No. 4 filed on June 24, 2020, the Commission ALJ granted intervenor status to OPUC, William Thomas, Judy O'Brien, Meg Bergquist, Julia Smeltzer, Timothy Smeltzer, David Dugas, Paul Giraudin, and Carol Flynn.
31. In Order No. 6 filed on July 6, 2020, the Commission ALJ granted intervenor status to Ernesto Osorio.
32. In Order No. 11 filed on October 12, 2020, the Commission ALJ granted intervenor status to Mary Kunze, Curtis Kunze, Marc Honey, Michael Sejman, and John Childress.
33. In Order No. 13 filed on October 15, 2020, the Commission ALJ granted intervenor status to Fernando Lara, Betty Molk, Michael Buonaugurio, Hope Buonaugurio, and Millard Walters.
34. In Order No. 15 filed on October 22, 2020, the Commission ALJ granted intervenor status to James Stewart, Beverly Ridenour, Bradley Steiner, Cheryl Johnson, and Ray Alexander.
35. In SOAH Order No. 1 filed on October 27, 2020, the SOAH ALJ granted intervenor status to James Rich, David Orona, Don Brock, and Penny Balch.

36. At the prehearing conference on November 25, 2020, the SOAH ALJ granted intervenor status to Loretta Johnson, the Hyatt Corporation, Marcie Taylor, Gerard Pinataro, Shaun Krabill, and Bob Richards.
37. At the prehearing conference on November 25, 2020, the SOAH ALJ granted a request by Michael Sejman and Cheryl Johnson to withdraw their motions to intervene in the proceeding.
38. In SOAH Order No. 4 filed on December 9, 2020, the SOAH ALJ aligned all parties except OPUC and the Hyatt Corporation as follows:

Water Rate District	Intervenor
Hill Country	John Childress Don Brock Fernando Lara Betty Molk Gerard Pinataro Shaun Krabill Curtis and Mary Kunze James Stewart Amanda Allen Penny Balch Mike and Hope Buonaugurio Bob Richards Wilma Fry Millard John Walters Patricia and David Weber
Mitchell County	Beverly Ridenour Ray Alexander James Rich Barbara Rolls David Orona
Northeast Washington County	Marcie Taylor Loretta Johnson

Summit Springs	Carol Flynn Judy O'Brien Meg Bergquist Paul Giraudin David Dugas Timothy and Julia Smeltzer William Thomas Marc Honey Ernesto Osorio Bradley Steiner
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39. In SOAH Order No. 5 filed on January 6, 2021, the SOAH ALJ designated the following lead representatives of aligned parties:

Water Rate District	Lead Representative
Hill Country	John Childress
Mitchell County	Beverly Ridenour
Northeast Washington County	Marcie Taylor
Summit Springs	Meg Bergquist

40. In SOAH Order No. 7 filed on December 2, 2021, the SOAH ALJ advised that any intervenor who does not file direct testimony or a statement of position by January 19, 2021 is subject to being stricken as a party under 16 Texas Administrative Code (TAC) §§ 22.124 and 22.161.
41. In SOAH Order No. 7 filed on January 27, 2021, the SOAH ALJ conditionally struck the following as parties unless they filed a statement of intent to participate: John Childress; Don Brock; Fernando Lara; Betty Molk; Gerard Pinataro; Shaun Krabill; Curtis and Mary Kunze; James Stewart; Amanda Allen; Penny Balch; Mike and Hope Buonaugurio; Bob Richards; Wilma Fry; Millard John Walters; Patricia and David Weber; Beverly Ridenour; Ray Alexander; James Rich; Barbara Rolls; David Orona; Marcie Taylor; and Loretta Johnson.
42. In SOAH Order No. 8 filed on February 24, 2021, the SOAH ALJ reinstated Marcie Taylor as a party and struck all other intervenors listed in SOAH Order No. 7 for failure file direct testimony or a statement of position by January 19, 2021.

43. On March 30, 2021, William Thomas filed a letter requesting to withdraw his intervention in the proceeding.

Referral to SOAH

44. On October 23, 2020, the Commission referred this proceeding to SOAH.
45. On November 19, 2020, the Commission filed a preliminary order.
46. In SOAH Order No. 3 filed on December 2, 2020, the SOAH ALJ memorialized the November 25, 2020 prehearing conference, admitted intervenors, and adopted the procedural schedule.
47. In SOAH Order No. 9 filed on March 5, 2021, the SOAH ALJ ordered that the hearing on the merits would be held via the video conferencing platform Zoom and provided instructions on how to access the platform.
48. On March 26, 2021, Corix informed the SOAH ALJ that it had reached an agreement in principle with Commission Staff and OPUC.
49. On March 31, 2021, Corix informed the SOAH ALJ that it had reached an agreement in principle with all parties and moved to abate the proceeding.
50. On May 28, 2021, Corix, Commission Staff, OPUC, the Hyatt Corporation, Summit Springs Alliance, and Marcie Taylor jointly submitted an agreed request to admit evidence and remand this proceeding to the Commission and an agreement between the parties with an attached proposed order and tariffs.
51. In SOAH Order No. 11 filed on June 2, 2021, the SOAH ALJ dismissed the case from SOAH docket and returned the case to the Commission.

Testimony and Statements of Position

52. On March 16, 2020, Corix filed the direct testimonies of the following witnesses with the application: Mr. Barker, president of Corix; Brian Francis, Corix's director of financial planning and analysis; Mary Blincoe, senior financial analyst for Corix; Scott B. Ahlstrom, P.E., vice president of operations for Corix; Shawn M. Elicegui, executive vice president of risk management for Corix Infrastructure, Inc.; Bruce H. Fairchild, principal in financial concepts and applications; and Dane A. Watson, partner of Alliance Consulting Group.

53. On February 5, 2021, Corix filed an errata to its proposed tariffs and an errata to the direct testimony of Mr. Barker;
54. On January 6, 2021, Marcie Taylor filed a statement of position.
55. On January 19, 2021, OPUC filed the direct testimony of Chris Ekrut; Summit Springs and Hyatt Corporation filed statements of position.
56. On January 29, 2021, Commission Staff filed the direct testimonies of Patricia Garcia, Maxine Gilford, Leila C. Guerrero, Stephen J. Mendoza, Roshan Pokhrel, Emily Sears, and Reginald Tuvilla.
57. On February 4, 2021, Commission Staff filed the supplemental direct testimony of Ms. Guerrero.
58. On March 5, 2021, Commission Staff filed errata to the direct testimony of Ms. Sears.
59. On March 5, 2021, Corix filed the rebuttal testimonies of Mr. Barker, Mr. Fairchild, Justin P. Kersey, and Mr. Watson.

Evidentiary Record

60. In SOAH Order No. 11 filed on June 2, 2021, the SOAH ALJ admitted into the evidentiary record the exhibits listed in the parties' agreed motion to admit evidence filed on May 28, 2021. Those exhibits were as follows:
 - a. the application and exhibits of Corix for authority to change rates filed on March 16, 2020;
 - b. the confidential schedules and schedule workpapers filed on March 16, 2020;
 - c. the direct testimony and exhibits of Mr. Barker filed on March 16, 2020;
 - d. the confidential workpapers to the direct testimony of Mr. Barker filed on March 16, 2020;
 - e. the direct testimony and workpapers of Mr. Francis filed on March 16, 2020;
 - f. the confidential testimony and exhibit to the direct testimony of Mr. Francis filed on March 16, 2020;

- g. the confidential workpapers to the direct testimony of Mr. Francis filed on March 16, 2020;
- h. the direct testimony and workpapers of Ms. Blincoe filed on March 16, 2020;
- i. the confidential workpapers to direct testimony of Ms. Blincoe filed on March 16, 2020;
- j. the direct testimony, exhibits and workpapers of Mr. Ahlstrom filed on March 16, 2020;
- k. the direct testimony, exhibits and workpapers of Mr. Elicegui filed on March 16, 2020;
- l. the confidential testimony exhibits to the direct testimony of Mr. Elicegui filed on March 16, 2020;
- m. the direct testimony, exhibits and workpapers of Mr. Fairchild filed on March 16, 2020;
- n. the confidential workpapers to the direct testimony of Mr. Fairchild filed on March 16, 2020;
- o. the direct testimony, exhibits and workpapers of Mr. Watson filed on March 16, 2020;
- p. Corix's first supplement to the application filed on May 20, 2020;
- q. Corix's second supplement to the application filed on August 5, 2020;
- r. Corix's third supplement to the application filed on October 21, 2020;
- s. Commission Staff's second supplemental recommendation on administrative completeness filed on August 31, 2020;
- t. Corix's supplemental affidavit of notice of Mr. Barker filed on September 24, 2020;
- u. the redacted direct testimony of Mr. Ekrut filed on January 19, 2021;
- v. the highly sensitive pages of direct testimony of Mr. Ekrut filed on January 19, 2021;
- w. the confidential pages of direct testimony of Mr. Ekrut filed on January 19, 2021;
- x. the direct testimony of Mr. Tuvilla filed on January 29, 2021;
- y. the direct testimony of Mr. Pokhrel filed on January 29, 2021;
- z. the direct testimony of Ms. Gilford filed on January 29, 2021;

- aa. the direct testimony of Ms. Guerrero filed on January 29, 2021;
- bb. the direct testimony of Ms. Sears filed on January 29, 2021;
- cc. the direct testimony of Ms. Garcia filed on January 29, 2021;
- dd. the confidential workpapers of Ms. Garcia filed on January 29, 2021;
- ee. the direct testimony of Mr. Mendoza filed on January 29, 2021;
- ff. Corix's amended statement of intent filed on February 1, 2021;
- gg. the supplemental testimony of Ms. Guerrero filed on February 4, 2021;
- hh. the errata to the proposed tariffs and errata to the direct testimony of Mr. Barker filed on February 5, 2021;
- ii. the errata to the direct testimony of Ms. Sears filed on March 5, 2021;
- jj. the rebuttal testimony of Mr. Watson filed on March 5, 2021;
- kk. the rebuttal testimony, exhibits, and workpapers of Mr. Kersey filed on March 5, 2021;
- ll. the rebuttal testimony, attachments, and workpapers of Mr. Fairchild filed on March 5, 2021;
- mm. the rebuttal testimony, exhibits, and workpapers of Mr. Barker filed on March 5, 2021;
- nn. Corix's notice of substitution of witness filed on March 5, 2021;
- oo. a confidential attachment to the rebuttal testimony of Mr. Fairchild filed on March 8, 2021;
- pp. a confidential exhibit to the rebuttal testimony of Mr. Barker filed on March 8, 2021;
- qq. the agreement filed on May 28, 2021;
- rr. the testimony of Mr. Barker in support of the agreement filed on May 28, 2021; and
- ss. the testimony of Ms. Garcia in support of the agreement filed on May 28, 2021.

Agreement

61. On March 31, 2021, Corix filed a motion to abate and informed the SOAH ALJ that all parties had reached an agreement in principle.
62. On May 28, 2021, the parties filed an agreement.
63. The signatories to the agreement are Corix, Commission Staff, OPUC, the Hyatt Corporation, the aligned customers from the Summit Springs subdivision, and Marcie Taylor. The signatories indicated that Marc Honey is unopposed to the agreement.

Tariff

64. The parties agreed that the rates shown on the proposed tariff attached to the agreement as exhibit B are just and reasonable.
65. The rates, terms and conditions of the agreed tariff attached to the agreement as exhibit B are just and reasonable.

Consolidation of Systems

66. Corix proposed three water rate regions and three sewer rate regions.
67. The signatories agreed to new rate schedules for each of the six rate regions proposed by Corix in the direct and rebuttal testimonies of Mr. Barker in this proceeding.
68. In Corix's third supplement to its application, filed on October 21, 2020, Corix provided the revenue requirement and cost of service for each water system and proposed consolidated water rate region.
69. Corix witness Mr. Kersey analyzed the operations and maintenance cost on a per equivalent residential connection basis and concluded that the analysis performed demonstrated substantial similarity for the consolidated water rate regions but is unlikely to be useful for determination of cost of service similarity for the consolidated wastewater rate region.
70. The Alleyton, Matagorda Dunes, and Northeast Washington County water systems use groundwater as a source of water and therefore require the same kinds of treatment, plant facilities, and equipment. As a result they are substantially similar in terms of facilities.

71. The Summit Springs, Quail Creek, and Bonanza Beach water systems have similar groundwater systems, water treatment facilities, wells, storage tanks, pump houses, and distribution mains and therefore are substantially similar in terms of facilities.
72. The Alleyton, Camp Swift, and Matagorda Dunes wastewater systems have similar wastewater treatment facilities and therefore are substantially similar in terms of facilities.
73. The water and wastewater systems Corix proposes to consolidate under the proposed tariff in this proceeding are substantially similar in terms of facilities, quality of service, and cost of service.
74. Corix proposed an inclining block rate structure under the proposed tariff for water where the volumetric rate increases with higher levels of use. This pricing structure encourages conservation, including for single-family residences and landscape irrigation.
75. The signatories agreed that Corix will include a class-cost-of-service study for each existing or proposed rate regions in future comprehensive rate-case proceedings.
76. The signatories agreed to the cost allocation by rate region as reflected in exhibits B and C to the agreement.

Revenue Requirements, Rates, and Pass-Throughs

77. The signatories agreed that Corix's total annual-base-rate revenue requirement for CCN number 13227 and CCN number 21081 is \$10,125,000 per year, as detailed in exhibit C to the agreement.
78. The signatories agreed that Corix's proposed new RV Park rate is reasonable and that in its next comprehensive base-rate case Corix will provide information about any increase in the number of RV parks served at the end of the test year in Docket No. 50557 and the number of RV parks served at the end of the year in that case and any future growth that is anticipated in this customer class. The signatories further agreed that the class cost of service study filed in Corix's next rate case will take into account any Texas Commission on Environmental Quality rules that may require Corix to increase capacity on its system specifically, to serve the RV Park customer class.

79. The signatories agreed that Corix will recover all purchased water costs for the Hill Country and Mitchell County water rate regions through pass-through rates as reflected on exhibit B to the agreement and that pass-through rates as shown in exhibit C to the agreement will apply only to those customers within each rate region who use purchased water.
80. The signatories agreed that Corix should be allowed to implement the retail water and sewer rates included in exhibit B to the agreement.
81. The signatories agreed that Corix should be allowed to implement the pass-through provisions included in exhibits B and C to the agreement
82. The signatories agreed that the water rates and sewer rates included in exhibit B to the agreement are designed with the appropriate portions of the revenue requirement.
83. The signatories agreed that the water rates, sewer rates, and pass-through fees included in exhibits B and C to the agreement are just and reasonable and are consistent with the public interest.
84. The agreed revenue requirement is appropriate.
85. The agreed rates and pass-through rate are just and reasonable.

Rate Base

86. The signatories agreed that the plant in service as of September 30, 2019, as set out in exhibit D to the agreement, is used and useful in providing service under certificate of convenience and necessity numbers 13227 and 21081 and is prudent and properly included in rate base.
87. The signatories agreed that, to the extent this Commission approves an alternative ratemaking mechanism that permits Corix to apply for interim rate relief prior to filing its next comprehensive rate case, Corix may utilize the settlement net book values identified in exhibit E to the agreement as the baseline for determining eligible plant and calculating changes in rates, as applicable.

88. The signatories agreed that beginning with the effective date of the new rates established by this Order, Corix will use the depreciation rates presented in its application through the direct testimony of Mr. Watson, as shown in exhibit D to the agreement.
89. Corix's proposed use of group-asset accounting is reasonable.
90. The signatories agreed that Corix's total invested capital for water and sewer is \$23,372,548 as reflected in exhibit E to the agreement.
91. The signatories agreed that Corix's overall rate of return is 7.2% based on a 5.49% cost of debt and a regulatory capital structure of 50.9% long-term debt and 49.1% equity.
92. The signatories agreed that Corix may use the approved overall rate of return, cost of debt and capital structure, in accordance with the Texas Water Code (TWC) and Commission rules, in all Commission proceedings or Commission filings requiring the application of the weighted average cost of capital, cost of debt, or capital structure established in this case. For purposes of any future interim rate filing until Corix's next comprehensive rate case, the above factors will be used as well as the then-current corporate federal income tax rate. For purposes of any future interim rate filing until Corix's next comprehensive rate case, the above factors will be used as well as the then-current corporate federal income tax rate.
93. The agreement's treatment of Corix's rate base and rate of return is appropriate and the agreed rate base and rate of return are reasonable.

Tax Cuts and Jobs Act of 2017 Excess Deferred Income Tax

94. The signatories agreed that Corix must return to customers excess protected and unprotected ADFIT in the amount of \$161,384, as shown on exhibit F to the agreement.
95. The signatories agreed that, to ensure compliance with Internal Revenue Service normalization rules, the \$161,384 amount will be returned to customers based on the amortization period shown in exhibit F to the agreement in the amount of \$8,675 per year and that this amount is already included in the total base-rate-revenue requirement agreed to as part of the agreement.

96. The total base rate revenue requirement for water and sewer includes the change in Corix's federal income tax rate from 34% to 21% as a result of the Tax Cuts and Jobs Act of 2017.³

Affiliate Cost Allocation

97. The signatories agreed that the affiliate amounts included in section A.2 to agreement, which show amounts included in the total base-rate-revenue requirement for water and sewer included in the agreement that were paid to an affiliate are reasonable and necessary, are allowable, and were charged to Corix at a price no higher than was charged to Corix at a price no higher than was charged by the supplying affiliate to other affiliates or to unaffiliated persons or corporations.
98. The affiliate costs included in the rates agreed to by the signatories are reasonable and necessary.
99. To the extent that payments to affiliated interests are included in the rates agreed to by the signatories, the prices charged to Corix are not higher than the prices charged by the supplying affiliate to its other affiliates or divisions for the same item or to unaffiliated persons or corporations.
100. Corix Infrastructure, Inc. allocates expenses to its affiliates, including Corix based on equivalent residential connections.
101. Corix Infrastructure, Inc. allocates expenses to Corix at cost without markup or profit.

Rate-Case Expenses

102. The signatories agree that Corix will recover no more than \$809,981.68 as rate-case expenses in this docket, as reflected in exhibit G to the agreement and that Corix may not seek to recover any additional rate-case expenses incurred in connection with this application in a future proceeding.
103. The signatories agreed that Corix will recover rate-case expenses through a 36-month surcharge calculated on a per-water-meter-equivalent basis through a surcharge of \$2.55 per month.

³ Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (Dec. 22, 2017).

104. The agreement's treatment of rate-case expenses is appropriate, and the agreed rate-case expense surcharges are reasonable and necessary.

Future Rate Cases

105. The signatories agreed that in future comprehensive rate cases, Corix will present a separate revenue requirement and rate-filing package for each proposed rate region.
106. The signatories agreed that in future comprehensive rate cases, if Corix proposes to include new systems acquired by Corix since its last base rate proceeding in an existing water or wastewater rate region, Corix will provide, subject to then-current law regarding consolidation: a standalone revenue requirement, broken down as shown on schedule I-1 of the Commission's form rate-filing package, for each of those systems and a revenue requirement, broken down as shown on schedule I-1 of the rate-filing package. for the proposed rate regions exclusive of the new systems.
107. The signatories agreed that in future comprehensive rate cases, Corix will include a class cost-of-service study for each existing or proposed consolidated rate region.

Effective Date

108. In its original application, Corix requested an effective date for its proposed rate and tariff changes of April 20, 2020.
109. In Order No. 2 filed on April 16, 2020, the Commission ALJ found the application administratively incomplete and ordered that the effective date of the proposed rate change be suspended until a properly completed application is accepted.
110. In Order No. 5 filed on July 1, 2020, the Commission ALJ continued to find the application administratively incomplete and ordered that the effective date of the proposed rate change be suspended until a properly completed application is accepted.
111. In Order No. 10 filed on September 8, 2020, the Commission ALJ found the application administratively complete.
112. In the revised notice to customers and affected parties filed on September 24, 2020, Corix proposed an effective date of October 21, 2020.

113. The signatories agreed that final water and sewer rates must be effective for usage during the first full billing period that occurs after this Order is issued.

Interim Rates

114. On November 23, 2020, Corix filed a motion to set interim rates.
115. OPUC did not oppose the interim rate request.
116. Commission Staff did not oppose the interim rate request with the condition that no surcharges be allowed to the extent the final rates differ from the interim rate.
117. No other party responded to Corix's motion for interim rates.
118. The Hyatt Corporation is entitled to a refund in the amount of \$92,206 for billings between when interim rates went into effect and the end of May 2021, as reflected on exhibit H to the agreement. Additionally, the Hyatt Corporation will be entitled to a refund for any billings on Corix's old rates that relate to the period between June 1, 2021 and the date that Corix's new rates go into effect. Any additional refund must be calculated using the same methodology that was applied in exhibit H to the agreement. No other customers are entitled to a refund of amounts collected under the interim rates.
119. In SOAH Order No. 4 filed on December 9, 2020, the SOAH ALJ ordered that, effective on the first billing cycle following the date of the order, the rates in Corix's motion to set interim rates be set as interim rates until superseded by order of the Commission. The SOAH ALJ further ordered that the interim rates were subject to refund, but not surcharge, to the extent the interim rates differed from the final rates ultimately approved.
120. In accordance with SOAH Order No. 4, the interim rates are not subject to surcharge even though the rates approved by this Order are greater than the interim rates.

Informal Disposition

121. More than 15 days have passed since the completion of the notice provided in this docket.
122. The only parties to this proceeding are Corix, Commission Staff, OPUC, the Hyatt corporation, Summit Springs Alliance, Marcie Taylor, and Marc Honey.
123. All parties either signed or did not oppose the agreement.

124. No party requested a hearing and no hearing is necessary for this application.
125. The decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. Corix is a utility, public utility, water utility, and sewer utility as those terms are defined in TWC § 13.002(23) and 16 TAC § 24.3(39).
2. Corix is a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(31).
3. The Commission has authority over Corix's application for a rate increase under TWC §§ 13.041 and 13.181.
4. The Commission processed the application in accordance with the requirement of the TWC, the Administrative Procedure Act,⁴ and Commission rules.
5. Corix substantially complied with the requirements to provide notice of the rate application as required by TWC § 13.1871, 16 TAC § 24.27(d)(1), and the Administrative Procedure Act.
6. Under TWC § 13.184(c) and 16 TAC § 24.12, Corix bears the burden of proof to establish that the proposed rates are just and reasonable.
7. The rates approved in this Order are just and reasonable under TWC § 13.182(a).
8. The rates approved in this Order are just and reasonable; are not unreasonably preferential, prejudicial, or discriminatory; are sufficient, equitable, and consistent in application to each consumer class; and meet the requirements of TWC § 13.182(b).
9. As required by TWC § 13.183, the rates approved in this Order will permit Corix a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses and will preserve Corix's financial integrity.

⁴ Administrative Procedure Act, Tex. Gov't Code § 2001.001--.903.

10. An overall rate of return of 7.2% will not yield Corix more than a fair return on the invested capital used and useful in rendering service to the public in accordance with TWC § 13.184(a) and 16 TAC § 24.41(c)(1).
11. Corix complied with the requirement in TWC § 13.1871 and 16 TAC § 24.27(d)(2) to provide notice of the hearing.
12. The affiliate costs included in the rates approved by this Order comply with the requirements of TWC § 13.185(e) and 16 TAC § 24.41(b).
13. As required by TWC § 13.185(h), the rates approved by this Order do not include legislative advocacy expenses, the costs of processing a refund or credit, or any expenditure that is unreasonable, unnecessary, or not in the public interest.
14. In accordance with TWC § 13.185 and 16 TAC § 24.41(c)(2)(B), the rates approved in this case are based on original cost, less depreciation, of property used and useful in Corix's provision of service.
15. The consolidated system rates and tariffs approved by this Order are just and reasonable and comply with TWC §§ 13.145(a) and 13.182(d) and 16 TAC § 24.25(k) and (l).
16. The rate-case expenses approved in this Order are reasonable and necessary as required under 16 TAC § 24.44(a).
17. The rates approved in this Order comply with 16 TAC § 24.43(b)(1) regarding conservation.
18. Corix's proposed refund of its outstanding excess ADFIT balance complies with the second accounting order in Project No. 47945.
19. Except for the agreed refund to Hyatt Corporation it is not necessary for Corix to implement a refund, credit, or surcharge to return or collect amounts recovered under the interim rates effective December 9, 2020 under 16 TAC § 24.37.
20. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

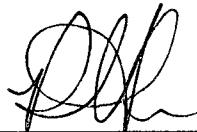
1. The Commission approves the rates, terms and conditions of the agreement to the extent provided in this Order.
2. The Commission approves Corix's water and sewer tariffs attached to the agreement as exhibit B, effective the date this Order is signed.
3. The Commission authorizes Corix to collect rate-case expenses of \$809,981.68 through a surcharge of \$2.55 per meter equivalent per month to be collected for 36 months or until the full \$809,981.68 is collected, whichever occurs first.
4. Corix must not seek to recover any additional rate-case expenses incurred in connection with this docket in a future proceeding.
5. In future comprehensive rate cases, Corix will present a separate revenue requirement and rate-filing package for each proposed rate region.
6. In future comprehensive rate cases, if Corix proposes to include new systems acquired by Corix since its last base rate proceeding in an existing water or wastewater rate region, Corix will provide, subject to then-current law regarding consolidation: a standalone revenue requirement, broken down as shown on schedule I-1 of the Commission's form rate filing package, for each of those systems and a revenue requirement, broken down as shown on schedule I-1 of the Commission's form rate filing package, for the proposed rate regions exclusive of the new systems.
7. In future comprehensive rate cases, Corix will include a class-cost-of-service study for each existing or proposed consolidated rate region.
8. Corix must issue a refund to the Hyatt Corporation of \$92,206 for amounts billed under the interim rates from the date the interim rates went into effect through May 31, 2021, as reflected in exhibit H to the agreement.
9. Corix must issue a refund to the Hyatt Corporation for amounts billed under the interim rates from June 1, 2021 through the date of this Order. This refund must be calculated

using the methodology applied in exhibit H to the agreement, and Corix must file a report documenting the calculation and issuance of this refund in Docket No. 52625, *Compliance Filing for Docket No. 50557 (Application of Corix Utilities (Texas) Inc. for Authority to Change Rates)*.

10. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
11. Within ten days of the date of this Order, Commission Staff must file a clean copy of Corix's tariffs with central records to be marked *Approved* and kept in the Commission's tariff book.
12. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas the 29th day of September 2021.

PUBLIC UTILITY COMMISSION OF TEXAS



PETER M. LAKE, CHAIRMAN



WILL MCADAMS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER